

CHAPTER 9
SMALL BUSINESS INNOVATION
RESEARCH GRANT ASSISTANCE PROGRAM

851—9.1(15E) Purpose. The purpose of the small business innovation research (SBIR) grant assistance program is to facilitate technology-based economic growth and diversification by providing incentive and support to encourage Iowa small businesses to participate in the federal Small Business Innovation Research program.

851—9.2(15E) Definitions. The following definitions apply to the SBIR grant assistance program:
“*Act*” means the Small Business Innovation Development Act of 1982, 15 U.S.C. 638, as implemented by the Small Business Administration Directive No. 65-01.1, dated August 1, 1983.

“*Eligible applicant*” means a small business, herein defined, organized in the state of Iowa and engaged in the research and development of an innovation having commercialization potential within the state.

“*Foundation*” means the Wallace technology transfer foundation.

“*SBIR Phase I*” means the grant stage provided by the Act for the purpose of examination of the scientific, technical, or economic merit of an idea relating to the research solicitation of a federal government agency.

“*SBIR Phase II*” means the grant stage provided by the Act for extension of the results of an SBIR Phase I project for the purpose of developing an idea into a commercially useful product or process.

“*Small business*” means a private entity having 250 or fewer employees and which is organized for profit. Nonprofit organizations and foreign firms are not eligible.

“*Small business innovation research*” or “*SBIR*” is a descriptive term for the federal government program enacted by Congress in 1982 as the “Small Business Innovation Development Act” and includes any SBIR program operated by any federal government agency.

851—9.3(15E) Award of financial assistance.

9.3(1) Purpose. The foundation may award financial assistance to small businesses in order to support their costs of continued operation of research and development activities in the period after completion of an SBIR Phase I project, but prior to receipt of award of SBIR Phase II.

9.3(2) Timing. Financial assistance may be furnished upon evidence of completion of an SBIR Phase I project and confirmation of submission of an application for SBIR Phase II grant.

9.3(3) Uses of funds. Financial assistance provided through this program may be used to pay reasonable salaries of research personnel and other direct costs of continuation of the SBIR research project by the small business. Use of funds shall be according to a plan of expenditure submitted to and approved by the foundation.

9.3(4) Amount of assistance. The maximum amount of financial assistance to be provided in relation to an SBIR project shall be at a rate of \$10,000 per calendar quarter, with maximum total payment of \$30,000 to any small business for an SBIR project. Financial assistance payments shall be made quarterly on satisfactory evidence of diligent pursuit of research activities and the Phase II SBIR application.

9.3(5) Repayment. Small businesses receiving financial assistance shall be required to enter into agreement with the foundation to repay the amount of the financial assistance from a royalty based on gross receipts gained through the commercial sale of products or processes developed through the SBIR program.

851—9.4(15E) Application requirements. Applicants for financial assistance shall furnish the following information to the foundation:

9.4(1) A cover page showing the name of the small business, title of the SBIR project, name, address, and telephone number of the person responsible for the application.

9.4(2) A copy of the SBIR Phase I proposal with evidence of its approval by a sponsoring federal agency and the name, address and telephone number of the official representative of the federal agency involved in the project.

9.4(3) A copy of the SBIR Phase II proposal as submitted to the sponsoring federal agency. Proposals which may exceed 50 pages in length shall be submitted in abbreviated form sufficient to permit evaluation of the scope and feasibility of the research and development plan.

9.4(4) Copies of market research and commercialization feasibility studies, if available.

9.4(5) A business concept plan setting forth an approach to commercialization of the product of the research and development project from an Iowa base.

9.4(6) A budget for continuation of small business research and development activity in the period prior to expected award of the SBIR Phase II grant, showing proposed expenditures for salaries and other direct costs essential for maintenance of the project.

851—9.5(15E) Evaluation of applications. Applications for financial assistance shall be reviewed, evaluated, and acted upon in the following manner:

9.5(1) Applications will be reviewed and evaluated by staff of the foundation according to the criteria stated in subrule 9.5(3). Staff shall report the results of the review and evaluation to the foundation board of directors.

9.5(2) Applications determined to be complete shall be acted upon by the foundation board of directors at a regular meeting occurring not less than 20 days from receipt of the application.

9.5(3) The board of directors may approve, at its sole discretion, the award of financial assistance according to the following criteria for approval:

- a. Technical and economic significance of the Phase I project and its level of successful completion.
- b. Potential for commercial development of the project in Iowa, and extent of commercial feasibility and evidence of readiness of the small business to undertake a business development process.
- c. Appropriateness of the proposed use of funds and level of need for financial assistance.

851—9.6(15E) Request for reconsideration. An applicant whose application has been denied may request that the foundation reconsider its decision. A reconsideration will only be permitted at the discretion of the foundation board of directors.

9.6(1) *How to request.* A request for reconsideration shall be submitted in writing to the chair of the foundation board of directors within 15 days of the board action denying the application. The request shall include specific reasons to justify the reconsideration, e.g., new information not available at the time of board action.

9.6(2) *Procedure.* If the foundation board of directors accepts a request for reconsideration, the board may ask foundation staff to assist in the review of the reconsideration, permit the applicant time on the agenda of the next regularly scheduled foundation board meeting, or take any other action it deems appropriate to assist in the reconsideration.

851—9.7(15E) Conditions of financial assistance.

9.7(1) *Payments.* The foundation will disburse payments for grant awards upon submission of an itemized invoice from the grantee.

9.7(2) *Monitoring and audit.* The foundation reserves the right to monitor all grantees to verify that the funded project is progressing in compliance with the terms and conditions of the award, application and program requirements. The foundation shall be permitted to audit the records of any grantee to ensure program compliance.

9.7(3) *Reports.* The grantee shall submit progress or status reports as may be requested by the foundation.

These rules are intended to implement Iowa Code sections 15E.152 to 15E.159.
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